

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|--------------------------------------|---|-----------------|
| APPLICATION OF SOUTH KENTUCKY RURAL |) | |
| ELECTRIC COOPERATIVE CORPORATION FOR |) | |
| A CERTIFICATE OF CONVENIENCE AND |) | CASE NO. 94-030 |
| NECESSITY TO CONSTRUCT ADDITIONAL |) | |
| LINEs AND FACILITIES |) | |

O R D E R

IT IS ORDERED that South Kentucky Rural Electric Cooperative Corporation ("SKRECC") shall file an original and 10 copies, unless otherwise noted, of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. The information requested herein is due no later than 20 days from the date of this Order.

1. Page 3 of the application contains a recommendation that a new Long Range Plan ("LRP") be prepared prior to or in conjunction with the next work plan. Will a new LRP be prepared?

2. Page 3 of the application mentions that SKRECC normally has a sectionalizing study performed along with the work plan, and a sample of the results of the study is contained in Exhibit 5. However, Exhibit 5 contains only tables of numbers.

a. Provide a narrative description of the sectionalizing design criteria.

b. Explain what each column represents.

c. Clarify which items are existing and which are proposed.

3. Page 5 of the application contains the system design criteria. Item 12 indicates that all new primary construction will be overhead except where underground is required to comply with governmental or environmental regulations, local restrictions, or favorable economics.

a. Were economic comparisons made between overhead and underground, as indicated by the criteria? If so, provide. If not, explain.

b. Provide a breakdown of underground costs into the following cost components:

(1) Material cost - Should reflect only invoice cost, explain if other costs are included.

(2) Direct labor costs - Should reflect only direct wages, explain if other costs are included.

(3) Labor overhead costs - Taxes, medical premiums, pensions, holidays, etc.

(4) Other administrative overhead costs - Provide detail on what costs are included.

4. Page 8 of the application contains distribution line and equipment cost. Provide a breakdown of these costs into the same cost components as underground.

5. Refer to page 14 of the application, which is a copy of REA Form 300, Review Rating Summary.

a. The bottom of the form indicates that this is page 1 of 2 pages; however, no page 2 was provided. Provide page 2.

b. Usually, this form is completed by company management and later evaluated by an REA field engineer. Indicate whether or not the ratings have received an REA evaluation.

c. Several items received a rating of "2," which reflects "No action required, but might be improved." For the following items, explain whether or not improvements are being considered:

(1) Item II3b - Compliance with Safety Codes, Attachments.

(2) Item II3c - Observed Physical Condition from Field Checking, Right of Way (also listed as a Work Backlog).

(3) Item II6c - Distribution Line Equipment: Conditions and Records, Distribution Transformers.

(4) Item III7b - Work Backlogs: Retirement of Idle Services.

6. Refer to page 15 of the application, entitled "Field Readings vs. Calculated Values."

a. Explain what each column represents and identify which columns are field readings and which are calculated.

b. If not clarified above, explain why KVA is less than kW.

7. Provide the most recent twelve-month data on:

a. right-of-way clearing costs.

b. the number of route miles cleared.

c. the total number of route miles in SKRECC's system.

8. Page 18 shows substation and circuit load data. This page shows a comparison of actual substation kW to calculated kW. Were meters placed further out in the distribution system to confirm the accuracy of calculated kW in those areas?

a. If so, provide the meter recordings and show how these readings were extrapolated to the peaks shown in either one of the Distribution Circuit Analyses provided in Exhibit 2.

b. If not, explain why these measurements are not necessary.

9. Page 27 of the application provides information on ordinary replacements of conductors and poles. It is noted that the estimate for conductor replacements is based upon a cursory study of the amount of conductor in poor repair.

a. Provide details on the study that was performed.

b. Is a more detailed study planned? Explain.

c. The design criteria on page 5 describes the criteria for conductor replacements. One of these criteria is based upon the number of splices per phase per span in one mile increments. How is this being monitored?

10. Refer to Exhibit 2.

a. For both the distribution analysis and system parameters, explain what each column represents. For example, in the column headed "Miles," is this the cumulative distance to the substation from the beginning or end of the line section?

b. The first page of the analysis contains the demand adjustment factors. Several of these reflect significant adjustments, such as Substation 19 with an over 70 percent adjustment, which is considerably higher than projected growth. Considering that the relationship between demand and energy is non-linear, why is it valid to make such a large linear adjustment to the calculated demand?

Done at Frankfort, Kentucky, this 20th day of April, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director